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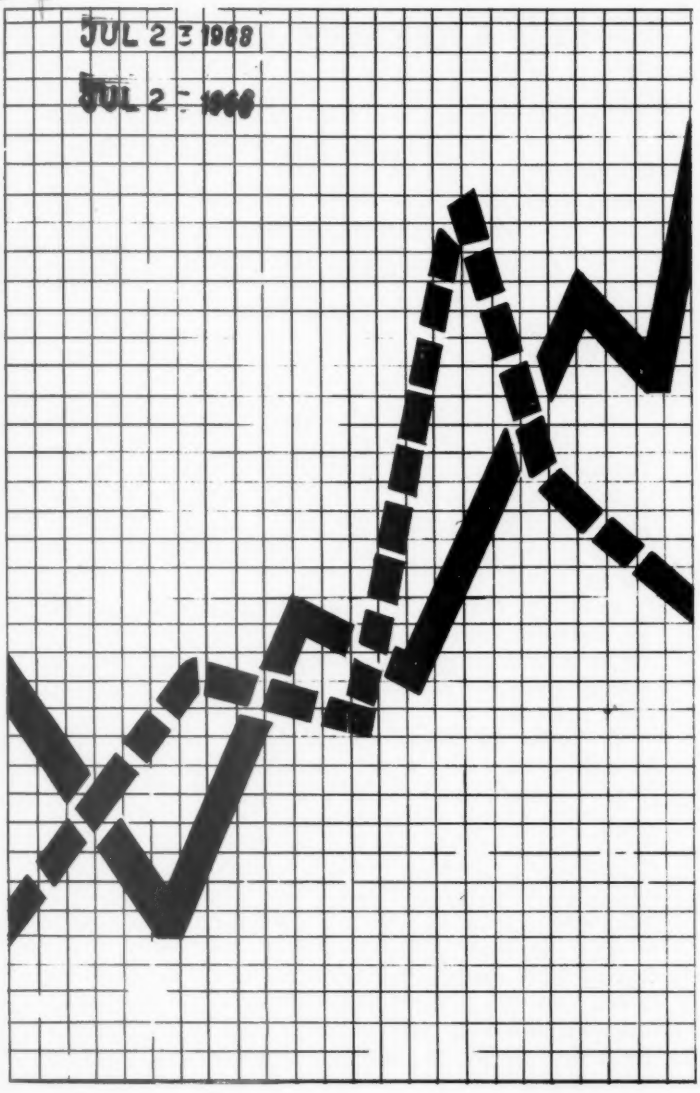

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Charts tell the story —

Growth Abroad Spells Bigger U.S. Farm Markets

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Foreign Agricultural Service
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The United States Works To Expand Its Cotton Exports

In a determined effort to keep American cotton strong in the Free World market, the United States Government and the cotton industry take five main kinds of action.

Cotton consumption in the foreign Free World—which makes up the bulk of the U.S. export market—has been consistently upward, reflecting, in general, increases in population and purchasing power. This consumption during the current marketing season is projected at 26.0 million bales—a new high record, almost 40 percent above the average of the mid-1950's.

As foreign Free World consumption has grown, so has the competition for the market. For U.S. cotton exports, the competition today comes both from increasingly plentiful manmade fibers of many kinds and from cotton exports of other countries.

To counter the competition and keep U.S. cotton exports strong, five types of measures have been or are being taken. First, all support-price obstacles to the free flow of U.S. cotton into foreign market channels have been removed by maintaining supports at about 10 percent below the estimated world price level. Second, cotton promotion and research activities are carried out overseas. Third, cotton trade missions to importing countries look for export market opportunities and create goodwill for U.S. cotton. Fourth, the United States continues to ship cotton under provisions of Public Law 480 in the expectation that these concessional sales will eventually shift to dollar sales. Finally, certain credit programs are administered in such a way as to facilitate cotton exports.

The competition

Manmade fibers. As production of manmade fibers has shifted into high gear in recent years, competition with U.S. cotton exports from this quarter has intensified. Up until the 1920's manmade-fiber production was negligible. In terms of cotton-bale equivalents, production in the foreign Free World did not exceed 1 million bales until 1931. But it moved up from a yearly average of 9.9 million bales in 1955-59 to 21.7 million bales in 1966. In 1967, production probably totaled 22.7 million bales.

Western Europe accounts for about 60 percent of manmade-fiber output in the foreign Free World. Japan is manufacturing close to 30 percent of the foreign Free World total and is rapidly increasing its rate of manufacture. Fibers making the fastest growth are the noncellulosic, such as acrylic, nylon, and polyester; this type now accounts for about

half the world's total of manmade fibers. Production of cellulosic fibers—such as viscose, cuprammonium, acetate, and triacetate—has leveled off in recent years. Textile glass production, although still small, is increasing sharply each year.

Cotton from other exporters—In the late 1950's, U.S. cotton exports averaged 5.1 million bales a year, almost 25 percent of average foreign Free World consumption of about 20.6 million bales. In recent years, annual U.S. cotton exports have averaged about 4 million bales, less than 16 percent of average yearly 25-million-bale consumption.

While U.S. cotton exports have not quite been holding their own in total volume or in share of the market, many other countries have stepped up exports. In Latin America, for example, Guatemala and Nicaragua are among the countries that have increased their exports. So have a number of African countries, including Chad and Tanzania. And, among the Mediterranean and Middle East countries, Greece, Turkey, and Iran have been exporting more. At the same time, Australia—though not a cotton exporter as yet—has become almost self-sufficient in this commodity.

The Soviet Union has also increased its exports to the foreign Free World, following sharply increased production. In 1966-67, Russia's exports to that market amounted to about 775,000 bales compared with only about 220,000 bales just 4 years earlier. Russia's 1967 crop was 9.3 million bales, well ahead of the short U.S. crop of 7.4 million bales.

Current cotton program

Congress strengthened the United States stance in cotton export markets with the passage of the Food and Agriculture Act of 1965. The cotton program set up under this legislation protects producers' incomes through price support and diversion payments, plus a loan; but the law provides that the national average loan level be set at least 10 percent below the estimated world market price. In short, the government has removed all support price obstacles to the free flow of U.S. cotton into foreign market channels, thus helping to keep U.S. export prices fully competitive. Competitive prices, of course, are an indispensable factor in encouraging exports.

So far, however, this cotton program has not had a chance to operate under normal weather conditions. Two years of weather-induced shortages have canceled out, temporarily, some of the benefits expected from it. The 1967 crop was particularly hard hit by the weather. Whereas production of about 11.0 million bales was anticipated earlier, the final outturn of only 7.4 million bales was the smallest crop since 1895.

With more normal growing conditions, the 1965 legislation would have resulted in a very moderate reduction in acreage, spread over a 4-year period, that would have avoided the hardships experienced by growers, ginners, and people in related activities in the past 2 years.

Reflecting the short crop, prices of cotton—especially of the longer staple lengths—advanced very sharply in the first half of the current season. This has affected exports of the longer staple cottons. Foreign mills, like those in the United States, have been encouraged by the price situation to use larger proportions of the shorter lengths and smaller proportions of the longer lengths than in other recent years. The high prices of cotton and the relative scarcity of certain qualities also are stimulating increased foreign cotton production as well as sharp increases in foreign use of manmade fibers.

The 1968 cotton program is designed to increase the production of cotton above the levels of 1966 and 1967 and to encourage production of an increased percentage of the medium and longer staples. Diverted acreage this year represents only 22 percent of the signed-up allotments compared with 33 percent in 1967.

Although bad weather made the cotton supply adjustment rapid and painful, supplies were adjusted. U.S. stocks on August 1, 1968, will have been reduced to about 6.8 million bales compared with 12.5 million a year earlier. At the same time, world carryover will have declined to 20.6 million bales from 26.4 million the year before and from an all-time high of 30.6 million bales on August 1, 1966.

Right now, the cotton supply-demand position is better for U.S. cotton exporters than it has been in many years.

Cotton promotion and research overseas

The United States promotes cotton use overseas through two organizations—the International Institute for Cotton (IIC) and the Cotton Council International (CCI). Membership in the IIC consists of countries that export cotton; active members are Greece, India, Mexico, Spain, Tanzania, Uganda, and the United States, which together account for well over a third of the world's cotton production and exports. The CCI is the overseas counterpart of the National Cotton Council of America.

As a member of IIC, the United States since early in 1966 has joined in cooperative international research and promotion aimed at stimulating cotton consumption in the large cash markets of Western Europe and Japan. The IIC operates 14 country projects in these markets and has financial and other support of trade and industry groups in each country. The program includes technical research and surveys, as well as sales promotion, market research, and public information and education on cotton. The objective is to influence trade and industry to use more cotton in their product lines and consumers to purchase more cotton goods.

IIC's program is financed through contributions by each member country of $1 per bale on all cotton exported annually to Western Europe and Japan. Cooperating industry groups and firms in importing countries are at least matching these funds. In 1968, U.S. expenditures under the program will amount to slightly over $2 million; other IIC members and cooperators will spend about $5 million. In total, IIC's program is a single, powerful force to challenge the promotional efforts of the manmade-fiber industry.

CCI, which has pioneered since 1956 in overseas promotion of U.S. cotton, is redirecting its activities since IIC's program has become fully operative. Although CCI is still carrying on a market development program in Canada and a small economic research program in India, it is now concentrating its main planning efforts on promotion of U.S. cotton specifically in importing countries.

Cotton trade missions

Trade missions, a relatively new tool in developing foreign markets for agricultural commodities, are proving useful. Such missions help U.S. exporters get a firsthand, closeup appraisal of a particular market and enable them to contact the private industry and government people who influence import buying. Since last fall, trade missions have promoted all major U.S. export commodities.

Two recent cotton trade missions visited Europe and the

Far East. (Reports of these missions appeared in *Foreign Agriculture* issues of May 6, 1968, and June 10, 1968.) By and large, European importers and spinners have a friendly and receptive attitude toward U.S. cotton, according to the European mission's report. Other factors being equal they prefer to deal with U.S. cotton shippers because of reliability and good business relations. But they are skeptical about the ability of the United States to provide adequate supplies of desirable qualities at competitive prices on a continuing basis. They pointed out the increasing shift to the use of longer, stronger cottons in the European textile industry and indicated that the U.S. cotton producer and exporter should make greater efforts to take into account the quality requirements of European mills.

Each Far Eastern country visited by the second mission also indicated that longer staple cotton will be required as the trend toward finer yarns continues. But, with the exception of India, each country stated that usual requirements for short staple U.S. cotton will continue. The mission was told that recent high prices for U.S. medium and long staple cotton had adversely affected U.S. cotton's competitive position with manmade fibers and that reasonable and stable prices would give U.S. cotton a significant boost in international fiber markets.

P.L. 480 cotton sales

Cotton exports being facilitated through provisions of Public Law 480 include sales for foreign currencies and long-term dollar credits.

Through these sales, U.S. cotton is exported to developing countries that may not be able to buy it otherwise. In the past such concessional sales have had a way of becoming cash sales after economic growth in the importing country reached the takeoff point. The policy has been to shift the developing countries from soft-currency sales to dollar sales as quickly as possible.

P.L. 480 now provides for the export to eligible countries of cotton textiles manufactured in the United States entirely from upland or long staple cotton and financing of the full value of these exports. Currently a foreign currency sales arrangement with Ghana provides for the export of 17,500,000 yards of gray cloth, which is equivalent to about 14,500 bales of raw cotton. It is expected that several other countries will need and qualify for purchase of U.S. cotton textiles under this arrangement.

Credit programs

The U.S. Department of Agriculture is now working with the cotton industry in attempting to make practical changes in certain credit programs to facilitate their maximum use in expanding cotton exports. Such programs include the short-term credit arrangements available under the Commodity Credit Corporation and the program of the Export-Import Bank. The Foreign Credit Insurance Association (FCIA) is also being encouraged to make appropriate changes in its program to maximize U.S. cotton exports.

More to be done

Even more could be done to promote exports of U.S. cotton. Comments of foreign importers and users point generally in the direction from which improvement can come.

For example: Could special qualities of cotton be developed for certain specialty markets abroad? Could more be done in the way of identifying bales to indicate variety and producing area? Could a practical technique be adopted for sampling cotton bales during the marketing process? Could the cotton trade take increased advantage of containerized shipments in ways that would reduce cotton export handling costs?

Above all, the United States cotton industry must keep abreast of the changing requirements of the customers who provide the needed export market. If the industry can come close to satisfying the changing needs of its foreign customers with adequate supplies of competitively priced cotton, it will have won a major victory over rival producers, whether their product is manmade fibers or cotton.

U.S. Wheat Export Goal Unchanged in Fiscal 1969

This fiscal year's goal for wheat exports, at 750 million bushels, will be the same as that for fiscal 1968, according to a recent statement by Secretary of Agriculture Orville L. Freeman.

"Reaching our export target for 1967-68 represents a major achievement," Secretary Freeman said. "When we announced last year that we would shoot for this figure, many people felt we had set an impossible goal. But through the hard work of exporters, members of sales missions, USDA trade promotion specialists, USDA officials, and many others, we are reaching it."

It is now known that the fiscal 1968 goal was actually exceeded, although final official figures are not yet available.

The Secretary noted, however, that the 750-million-bushel target for 1968-69 will be even more difficult to meet in the face of heavier world supplies.

Freeman also said that the national wheat allotment in 1969 would be cut back to 51.6 million acres—13 percent below the 59.3 million acres in effect for 1968 but the same as the 1966 allotment. In addition, diversion payments at the maximum rate authorized by law will be offered to farmers for planting less than their acreage allotment and diverting this land to conservation uses. It is hoped that these measures combined will bring a total acreage reduction of 18 percent.

Farmers signing up in the voluntary program can qualify for price support loans and purchases, domestic marketing certificates, payments for diverting acreage below their allotments, and alternative cropping options. If a farmer signs up in both the wheat and feedgrain programs, one option can be substitution between wheat and feedgrain acreages.

Another option is the overplanting of the allotment acreages by one-half, with the wheat from the excess acres stored under bond.

With normal yields, production from the reduced 1969 allotment is expected to total about 1.3 billion bushels, compared with 1.55 billion anticipated for 1968. This should bring about a sizable reduction in carryover stocks by mid-1970, according to Secretary Freeman.

Drought Reduces Crops in Latin American Countries

The unusually dry weather that hit Latin America in 1967 reduced yields of early 1968 crops in important agricultural areas of Argentina (See article in June 24 issue of *Foreign Agriculture*), Brazil, Chile, Ecuador, Peru, and the northern Caribbean. While the situation has been improved by recent rains, soil moisture levels remain low except in Brazil.

In *Brazil,* the important agricultural Provinces of Sao Paulo and Rio Grande do Sul experienced unusually dry weather from December 1967 through March 1968. Rains in April and May contributed to some recovery in yields of early crops in the drought area, and conditions were generally favorable for crops in other regions.

Dry weather brought a decline in coffee yields, and the 1968 crop is forecast to be 20 percent less than 1967's. Peanuts and soybeans were also adversely affected. Reduced yields partially offset a 30-percent gain in rice area, but official sources still estimate the 1968 crop at more than 10 percent above the 1967 level. The Brazilian corn crop is expected to hit a record this year, and thus increase this crop's export potential; however, this trade could be inhibited by lower production in the southern area, which normally supplies the bulk of exports. In contrast to other southern crops, cotton has held up well, and Brazil's 1968 production is expected to exceed last year's in both quality and quantity.

The northern half of *Chile's* Central Valley is suffering from serious drought, and a lack of irrigation water has been detrimental to plantings and germination of the 1968-69 wheat crop.

Drought conditions, considered the most severe in this century, also covered a Pacific coastal area extending southward from Guayaquil, Ecuador, into the northern coastal Provinces of Peru. In *Ecuador,* bananas, cotton, and oil palm were affected. However, the major impact was on the 1968 rice crop, which is currently estimated at two-thirds or less the normal level. Owing to critical shortages in supply of irrigation water, *Peru* expects the smallest rice crop in recent years. Peruvian cotton production is estimated to be 20 percent below the reduced 1967 level, reflecting a sharp drop in Pima, the extra-long-staple cotton. A significant decline is also anticipated for Peru's 1968 sugar output.

The *northern Caribbean* has suffered since 1967 from alternating periods of serious drought and heavy rains. The 1967 drought contributed to lower sugarcane yields and, despite some anticipated rise in sugar content, 1968 sugar output in Cuba, the Dominican Republic, Jamaica, and other producing areas is expected to be significantly below the 1967 level. Pasture conditions were reported critical in many areas, and it is expected that harvest of cocoa beans, tubers, and other early crops were reduced by dry weather.

Rains recently reported in the Dominican Republic and Cuba suggest that the drought may be broken. However, owing to reduced soil moisture levels, there is still concern about replanting of sugarlands and seeding of rice, corn, oilseeds, and other late crops.

—HOWARD L. HALL
Foreign Regional Analysis Division, ERS

U.S. Agricultural Exports Top $100 Billion

Continued large exports in fiscal 1968 helped the United States pass another milestone: The $100-billion mark for farm product shipments since the end of World War II.

The fiscal year just ended was the fifth straight season in which U.S. agricultural exports held well above the $6-billion level—an export goal never attained by U.S. agriculture until 1964. Exports in fiscal 1968, estimated at $6.4 billion, were surpassed only by a record $6.8 billion in fiscal 1967 and a close $6.7 billion the season before. As in those years, increased dollar sales, reaching about $5 billion, kept the U.S. total high. Government-program shipments eased to $1.5 billion from the $1.6 billion a year earlier. Most of the decline in fiscal 1968 resulted from lower prices. The quantity index for July-April 1967-68 showed a volume decline of only 2 percent, while the value dropped 6 percent.

The makeup of this trade is a far cry from what it was a decade earlier, when the United States was helping rebuild the war-torn economies of Europe and Asia. For 3 years out of the 5-year 1946-50 period, government-assisted farm shipments overshadowed the value of commercial exports, reaching a high of $2.3 billion in the fiscal year ended June 1949.

This heavy assistance paid off, however, as the aid recipients got back on their feet but continued importing U.S. farm products for dollars. Each year since 1960, the European Economic Community alone has bought more than $1 billion worth of U.S. farm products. And Japan has become the largest single-nation customer, taking close to $1 billion annually in the past few years.

Government-industry market development teamwork played an important part in this transition and therefore in the achievement of the $100-billion mark for U.S. farm product sales.

U.S. AGRICULTURAL EXPORTS

Year ending June 30	Government programs	Dollar sales	Total
	Bil. dol.	*Bil. dol.*	*Bil. dol.*
1946	1.8	1.1	2.9
1947	.9	2.7	3.6
1948	1.6	1.9	3.5
1949	2.3	1.5	3.8
1950	2.0	1.0	3.0
1951	1.2	2.2	3.4
1952	.6	3.5	4.1
1953	.4	2.4	2.8
1954	.6	2.3	2.9
1955	.8	2.3	3.1
1956	1.3	2.2	3.5
1957	1.9	2.8	4.7
1958	1.2	2.8	4.0
1959	1.2	2.5	3.7
1960	1.3	3.2	4.5
1961	1.5	3.4	4.9
1962	1.5	3.6	5.1
1963	1.5	3.6	5.1
1964	1.5	4.6	6.1
1965	1.7	4.4	6.1
1966	1.6	5.1	6.7
1967	1.6	5.2	6.8
1968 (Estimate)	1.5	4.9	6.4
Total	31.5	69.2	100.7

Wageningen: Booming Rice Colony in Surinam

By WILFERD L. PHILLIPSEN
U.S. Agricultural Attaché
Port-of-Spain, Trinidad

Traveling to Wageningen is complicated. It involves flying in a small plane from Paramaribo to Nickerie; taking a car from the airport to the end of the road at Henarpolder and an outboard motor boat from there upriver to Wageningen. On the way upriver, one may see giant sloths or red monkeys—even the sight of an ocelot would not be too surprising. However, nothing seen on the trip is more surprising than Wageningen itself. Here in the northwest corner of Surinam, a modern town and an expanding rice industry are being carved from dense jungle and swamps.

The Wageningen Polder (a polder is an area of lowland reclaimed from water) is today the largest rice producer in Surinam, the former Dutch colony that was settled in the 17th century by Hollanders. These colonists came equipped with long experience in farming lowlands, experience in dike-building that was a prerequisite to cultivating Surinam's fertile but low-lying coastal plain. Part of the system of sluices they built remains, but now the focus is on innovations like the large-scale, mechanized rice project at Wageningen.

The Wageningen Polder to date

Twenty years ago what is now the Wageningen Polder was a 125,000-acre tract of swampland in the coastal plain. Today the polder produces roughly one-third of Surinam's annual rice crop and virtually all of the rice exports. This government-financed undertaking began with long-term plans and a 75-year lease from the Surinam Government. It was modeled after the Prins Bernhard Polder, a pilot project that had previously concluded an experiment in mechanized farming on 1,250 acres of reclaimed swampland. Wageningen has now been operating successfully a rice polder 10 times that size for almost 2 decades. One index of this success is the steady expansion in acreage that has occurred since Wageningen opened, although the overall plan is not yet reached.

Planted area at the Wageningen Polder currently equals 17,000 acres. In addition, the Foundation for the Development of Mechanized Agriculture in Surinam (abbreviated SML), in cooperation with the Surinam Government, has developed 42 medium-sized farms on an adjacent 2,500 acres, bringing the total to 19,500—approximately one-fourth of Surinam's rice acreage, which has otherwise remained at a fairly constant level. Further expansion at Wageningen is being encouraged by good returns on current crops, and SML is now reclaiming and developing another 5,000 acres for rice planting.

Rice production figures have climbed in like manner. Surinam's output in 1965 increased an impressive 14 percent over the preceding 5-year average of 79,000 metric tons, and the following year a record 98,000 metric tons of rice was harvested. Production at Wageningen accounted for 30 percent of this total, its higher yield-per-acre contributing to the record crop figures.

Research for better rice

High yields at Wageningen are due to modern techniques and large-scale planting. However, research leading to improved rice varieties is also a strong factor. Until 1960, standard rice varieties outyielded those developed at Wagen-

ingen. Since that time, Wageningen yields are regularly the highest in Surinam.

The rice breeding station operated by SML is located at the Prins Bernhard Polder. Here researchers cross different varieties in an effort to obtain grain with a combination of desirable properties—stiff straw, a growing period of 120 days, and good milling qualities, to name a few.

New varieties obtained here are multiplied on a seed farm at the Wageningen Polder, where approximately 900 acres are set aside for seed propagation; this seed farm has the storage capacity and the equipment needed to dry, winnow, grade, and disinfect 12,000 tons of rice.

Life at Wageningen

Surrounded by jungle, Wageningen employees and their families live in an isolation seldom experienced in other countries. There is no road between their town and the capital, Paramaribo—nor one to New Nickerie, their nearest neighbor town.

However, the residents (numbering 3,500, or about 10 percent of Surinam's 365,000 inhabitants) live in a modern and growing town. Wageningen boasts, for example, several stores, schools, 20 sporting clubs, a swimming pool, and a division of the Surinam Boy Scouts.

Another factor that contributes to this sense of isolation in Wageningen is the dependence of its entire working population on the success of mechanized rice cultivation.

Actual production at Wageningen is on an enormous scale. Soil tillage and cultivation are done with large tract-laying tractors. Three Grumman Agcat airplanes seed the paddy, spray for weed and pest control, and apply the fertilizer.

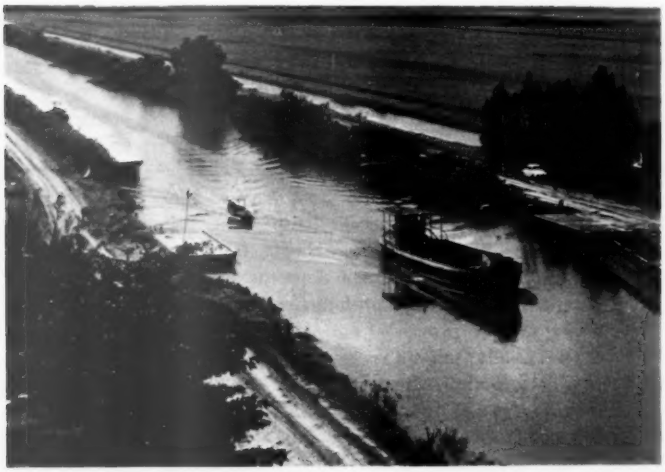
Water control important

The water level in the Wageningen Polder is controlled by an extensive drainage system, which removes excess rainwater, and by a pumping station, which pumps water from the Nickerie River into the irrigation system. The 125 miles of irrigation and drainage canals provide ready access to all parts of the almost 25,000 acres presently being farmed or under development, so the expected inconvenience of Wageningen's road shortage is minimal.

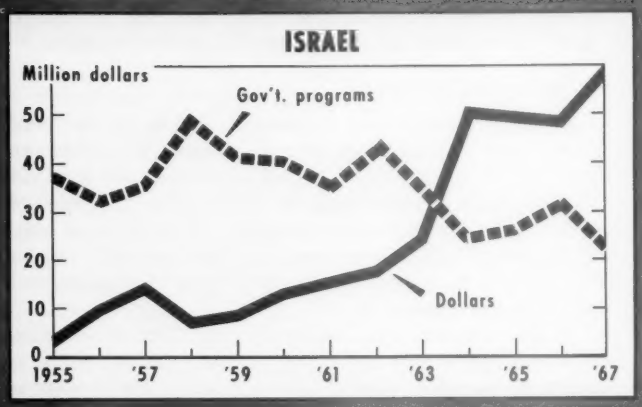
Because two crops are raised each year, yields at Wageningen often exceed 4.5 metric tons per hectare. A battery of combines specially adapted to the polder's soil conditions harvests the rice. After harvesting, a huge tractor pulls a train of wagons full of paddy to river barges. The barges then take the grain through wide irrigation canals to the mill on the Nickerie River.

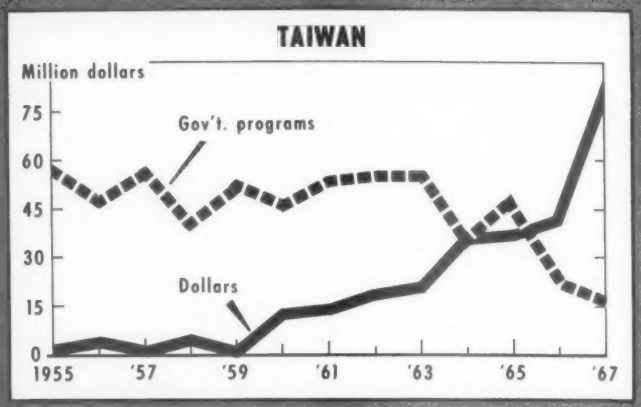
Once at the processing plant, the grain is mechanically unloaded into grain silos, which are capable of receiving and drying 600 tons of paddy a day and hold a maximum of 33,000 tons. Even the chaff is put to use; paddy chaff burned in boilers produces steam for approximately one-half of the electric energy required at Wageningen.

After being milled into cargo or brown rice and white rice, the grain is loaded via a long conveyor belt into ships which then travel down the Nickerie River to the open sea and final destinations in Western Europe and Curacao.



From left, four tractors pull ditcher to break ground for drainage purposes; nursery seedbeds for line selection at Prins Bernhard Polder; plane sprays germinated paddy over Wageningen fields; rice travelling from field to mill by barge; combines harvesting rice in Surinam the modern way.





Growth Abroad Spells Bigger Farm Markets

One of the best allies U.S. farmers have in their quest for overseas markets is economic development. Economic growth, creating jobs and purchasing power, gives people the means to buy more and better food.

Charted here are U.S. agriculture exports to 10 small countries. In all of them the rate of increase in gross national product in recent years has been high—usually from 5 to 10 percent. And as the charts show, all of them have substantially increased their cash buying of U.S. farm goods between 1955 and 1967—anywhere from 280 percent to 3,900 percent. Some, it will be noted, have become less dependent on purchases under U.S. Government programs.

In fiscal 1967 U.S. agricultural exports for dollars to these countries as a group totaled $336 million, compared with only $38 million in 1955. During this period, shipments under government programs dropped from $144 million to $118 million. Considered as a whole this group of countries ranks sixth behind only Japan, Canada, West Germany, the Netherlands, and the United Kingdom as a dollar market.

A thumbnail sketch of U.S. sales—past and potential—to each of these countries follows:

ISRAEL.—Economic development continues in Israel despite external problems. The average rate of increase in gross national product was about 10 percent between 1948 and 1960. In 1965 it was 7-8 percent but has slowed down considerably in the last 2 years. As living standards rise, food requirements are growing faster than population, leading to larger agricultural imports. Major farm imports are grains and grain products, oilseeds, animal and vegetable oils, meat, sugar, coffee, wool, and tobacco. A substantial portion of domestic meat and vegetable oil output is produced from imported feedgrains and oilseeds.

U.S. agricultural exports to Israel hit a grand total of $81 million in fiscal 1967, $60 million for dollars and $21 million under government programs. This compares with a little over $2 million and $38 million, respectively, in 1955.

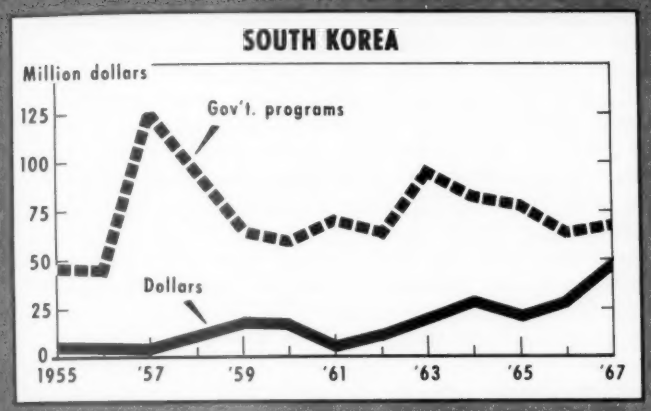
Grains, grain preparations, and oilseeds, chiefly soybeans, account for the largest portion of U.S. farm exports. The grains include wheat, rice, barley, corn, and sorghum. In fact, the United States is the sole supplier of the last two. Meat and meat preparations are another large item; however, U.S. frozen beef has lost favor in the market and is being replaced by leaner European cuts, while U.S. variety meats, like tongue and liver, are gaining. Other sizable U.S. items are nonfat dry milk and cattle hides. Looking to the future, prospects for a continued increase in U.S. farm exports appear good in view of prospective custom duty reductions, part of a trade liberalization program. Grains and oilseeds will continue to be the big items.

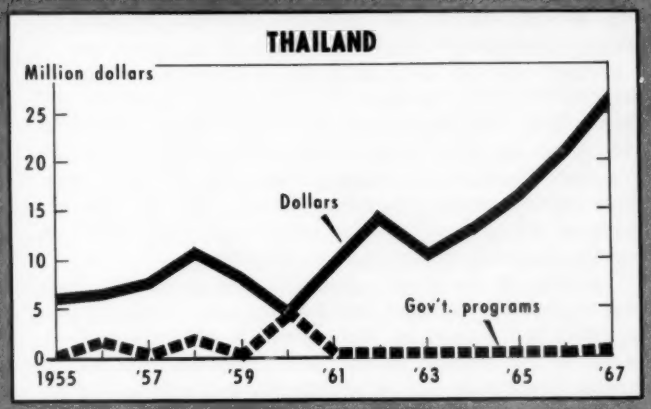
TAIWAN.—This country has made impressive progress in economic development, and per capita income has been rising steadily during the past decade. Last year gross national product rose about 10 percent. Vigorous programs are underway to promote exports, both industrial and agricultural, and to encourage domestic and foreign investment. As incomes rise, food preferences are changing from starches and staples to processed and protein foods. Although Taiwan is essentially self-sufficient in agricultural products, except for cotton and wheat, imports are fairly substantial and include, in addition to these two, soybeans, dairy products, tobacco, rubber, and animal fats.

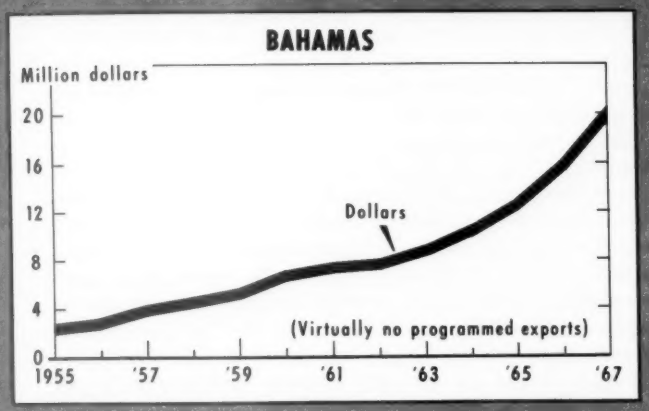
U.S. agricultural exports for dollars in 1967 totaled $82 million and those under government programs, $22 million, compared with $2 million and $58 million, respectively, in 1955. Tops among U.S. exports are cotton, wheat, and soybeans. Other large items include tobacco, tallow, and corn. Exports of the latter are increasing, as are those of baby chicks, as Taiwan moves to build up its livestock and poultry industries. Exports of U.S. wheat should continue strong since the government is encouraging consumption of wheat in order to have more rice to export.

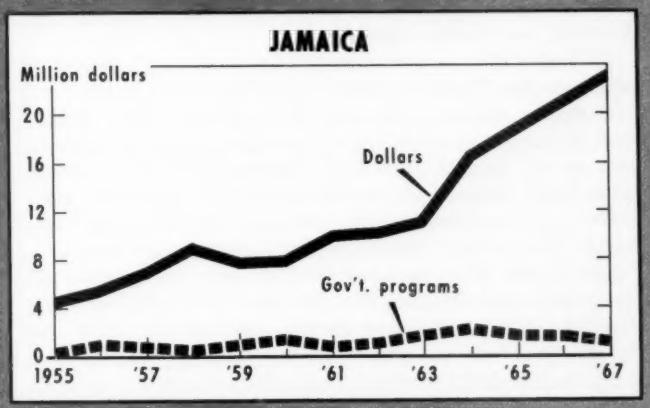
SOUTH KOREA.—Food consumption is increasing faster than agricultural production in this country whose rapid rate of economic development and trade expansion in the current decade, based mainly on industry, is expected to continue. In 1967 the increase in gross national product was about 9 percent. Export policies focus chiefly on promot-

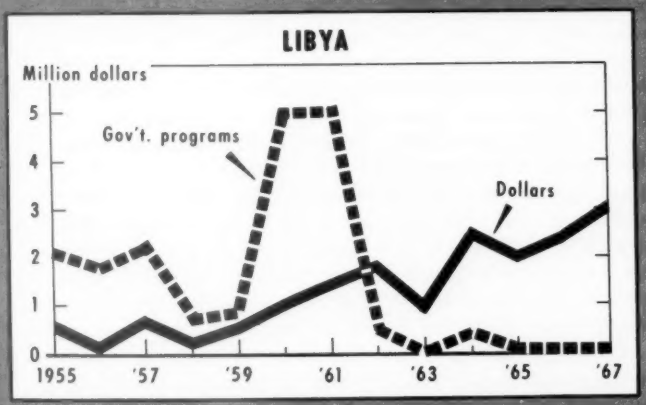
Note: All statistics are for fiscal years ending June 30. From 1955 through 1963 barter is included in exports under government programs; it is included in dollar sales beginning in 1964 when the barter program was shifted largely to procurement of goods and services abroad for U.S. agencies.

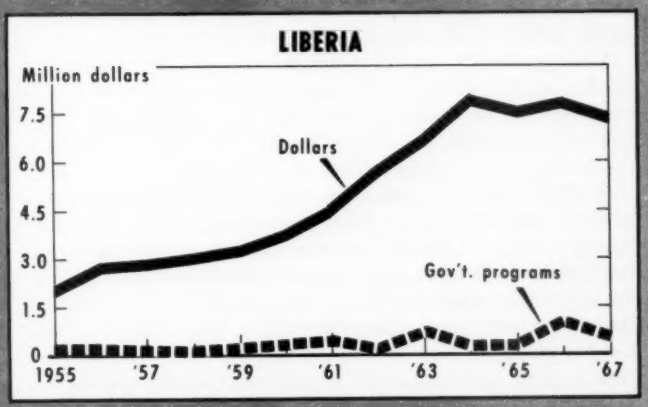

SOUTH KOREA
Million dollars
Gov't. programs
Dollars
125
100
75
50
25
0
1955
'57
'59
'61
'63
'65
'67

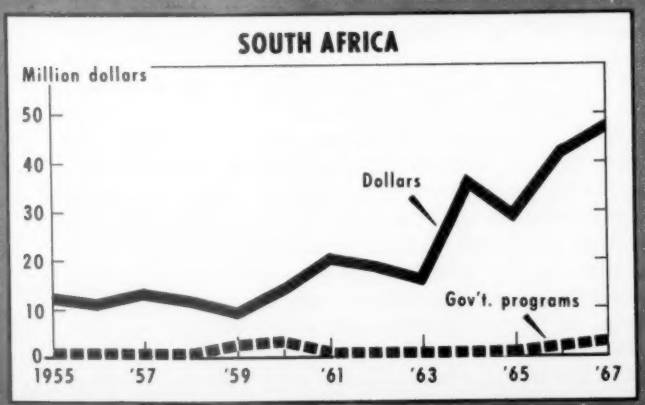

THAILAND
Million dollars
Dollars
Gov't. programs
25
20
15
10
5
0
1955
'57
'59
'61
'63
'65
'67

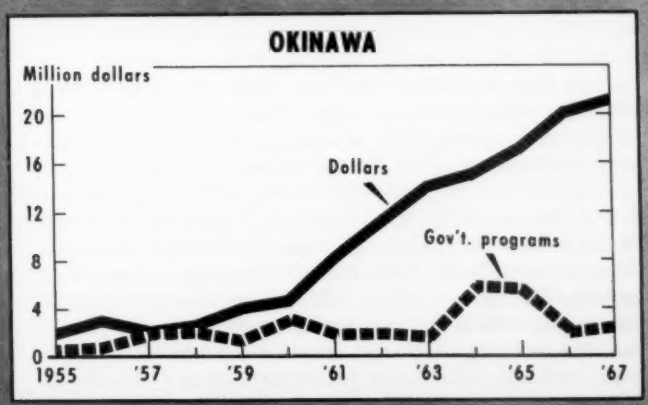

BAHAMAS
Million dollars
Dollars
(Virtually no programmed exports)
20
16
12
8
4
0
1955
'57
'59
'61
'63
'65
'67


JAMAICA
Million dollars
Dollars
Gov't. programs
20
16
12
8
4
0
1955
'57
'59
'61
'63
'65
'67


LIBYA
Million dollars
Gov't. programs
Dollars
5
4
3
2
1
0
1955
'57
'59
'61
'63
'65
'67


LIBERIA
Million dollars
Dollars
Gov't. programs
7.5
6.0
4.5
3.0
1.5
0
1955
'57
'59
'61
'63
'65
'67


SOUTH AFRICA
Million dollars
Dollars
Gov't. programs
50
40
30
20
10
0
1955
'57
'59
'61
'63
'65
'67


OKINAWA
Million dollars
Dollars
Gov't. programs
20
16
12
8
4
0
1955
'57
'59
'61
'63
'65
'67

ing foreign markets for industrial products, which earn foreign exchange for needed food imports.

Exports of U.S. farm products to South Korea totaled almost $116 million in fiscal 1967, $48 million for dollars and $68 million under government programs. This compares with $4 million and $46 million, respectively, back in 1955. Cotton and wheat are the biggest items and will most likely hold onto the top two positions. Among other products, exports of wheat flour, inedible tallow, anhydrous milk fat, nonfat dry milk, and barley are also large.

Looking to the future, packaged and processed foods not produced domestically could find a place in this market. Another U.S. export on the uptrend is grapevine nursery stock as the Korean Government encourages the use of grapes rather than rice in winemaking to conserve rice for domestic consumption as food and for export. Corn also has sales potential since this country is striving to expand its livestock and poultry production.

THAILAND.—Industrial expansion accounts in considerable part for Thailand's rapid economic growth in the current decade. Between 1961 and 1966, manufacturing output rose 77 percent in value, and last year gross national product was up 6.5 percent. The Thai Government is encouraging agricultural production, and the country is essentially self-sufficient in food production. However, it does not have the variety demanded by Bangkok's international population.

The United States is second only to Japan as a supplier of agricultural products, and the U.S. share of the Thai market, bolstered by several recent market development efforts, is increasing. From the United States, Thailand buys cotton, tobacco, wheat flour, wheat, vegetable fats and oils, cheese, turkeys, and livestock for breeding. In all, U.S. agricultural exports to Thailand in 1967 totaled $26 million, virtually all for dollars. Cash sales in 1955 were $6 million.

Looking to the future, Thailand should continue as a market for the U.S. products already moving in—especially cotton for the expanding textile industry—and tobacco. The United States might also capitalize on the growing demand for poultry and dairy products.

BAHAMAS.—Tourism and related industries have expanded considerably and have fostered an active construction industry and brought a large measure of prosperity to these British islands. Although agricultural policy focuses on increasing supplies of fruits and vegetables for domestic use and growing cash crops for export, the tourist business and the rising middle class will support the uptrend in agricultural imports. The U.S. share, already large, of this expanding market is likely to continue to increase.

In fiscal 1967 the United States exported $20 million in agricultural products to the Bahamas on a dollar basis, compared with $2 million in 1955. Programmed exports have always been negligible. Purchases from the United States include a wide variety of products topped by meats and including rice, poultry feed, lard and shortening, dairy products, fruits and juices, and fresh and canned vegetables.

JAMAICA.—An expanding tourist trade is helping to bolster the economy, which saw an increase of 6 percent in gross national product last year. However, other industries are contributing even more than tourism to economic growth. This country is the world's largest producer of bauxite, and exports of this ore and of alumina earn substantial amounts of foreign exchange. Expanding petroleum and gypsum production also adds to earnings. Major exports include minerals, petroleum, sugar, coffee, and cocoa. Imports of agricultural products have been rising, since the country's progress with food output has been limited.

The United States is Jamaica's biggest overall trading partner. Looking only at agricultural products, U.S. exports for dollars in 1967 totaled $23 million, compared with $4 million in 1955. Shipments under government programs last year totaled just over $1 million. The United States supplies a "full market basket" of products headed by meats, rice, corn, wheat flour, and tobacco. Other items include dairy products and eggs, soybean oil, fruits and juices, and vegetables. In the past few years U.S. Holstein heifers have been moving in as Jamaica attempts to build up its dairy industry. Prospects for tapping this market further might lie in processed and specialty foods for the tourist trade.

LIBYA.—Economic growth in this country depends almost solely on its oil reserves, which constitute about 99 percent of its exports. In 1966 gross national product rose 58 percent above the 1965 level. Roughly half the annual food supply is imported, and demand for agricultural imports is rising as earnings from oil expand purchasing power.

U.S. agricultural exports to Libya on a dollar basis, although valued at only $3 million in fiscal 1967, were up from just $572,000 in 1955. During the same period, shipments under government programs dropped from $2 million to zero. Leading agricultural purchases from the United States include tobacco, meats and meat preparations, grain and grain products, fruits and vegetables, and flavoring sirups.

LIBERIA.—Gross national product last year, estimated in current prices, rose 5.8 percent. Iron ore and rubber are the mainstays of the Liberian economy—major earners of foreign exchange and mainly responsible for the economic growth that has taken place. At the present time, both these commodities are imperiled by low world prices, and only expanded production keeps earnings from falling off. Nevertheless, demand for better food is increasing, and U.S. exports stand to benefit.

U.S. agricultural exports for dollars to Liberia in fiscal 1967 amounted to $7 million and in 1966 to $8 million. This compares with only $2 million in 1955. Shipments under government programs have never amounted to more than $1 million. Tops among U.S. farm exports is rice, for which demand will probably continue to increase. Other U.S. farm products moving in are meats, grains and grain preparations, vegetable oils, and fruits and vegetables.

SOUTH AFRICA.—This country boasts mineral wealth —gold and diamonds—as well as an expanding manufacturing business. The increase in gross national product, in real prices, averaged 6.5 percent in 1962-66, slowing to 5 percent in 1967. Agriculturally, South Africa produces about the same products as does the United States and competes with the United States in many products on the world market. Nevertheless, U.S. farm exports for dollars to South Africa increased from $12 million in 1955 to almost $50 million in 1967. Exports under government programs have been small and have consisted solely of barter for needed strategic materials and donations for disaster aid and relief agencies. The donations were actually destined for Botswana, Lesotho, and Swaziland although they entered through South African ports and appear in trade statistics as exports to South Africa. No barter has taken place since 1964.

The major U.S. agricultural export to South Africa is rice. Shipments of wheat and corn have been large in years

of poor local production, as in 1966 and 1965. Other fairly large exports are cotton and inedible tallow. Lesser items include nonfat dry milk, sausage casings, soybean oil, seeds, canned vegetables, and flavoring sirups. Looking to the future, processed foods might find a market until local production of these comes up to demand.

OKINAWA.—A rapid growth rate, reflected in last year's estimated 13-percent rise in real gross national product, has been stimulated in part at least by the large American military presence. Today, the economy is characterized by urbanization, an active construction business, and a ready availability of consumer goods. The manufacturing sector, though small, is thriving, and a tourist business is in the early stages of development. Agriculture, on the other hand, is not doing so well. Although production and yields of sugarcane and pineapple, the two major crops, are increasing, those of other crops are declining. Dependence on imports is heavy.

U.S. agricultural exports for dollars to Okinawa in fiscal 1967 totaled almost $21 million, against $2 million in 1955. Exports under government programs have varied between $275,000 and $5.6 million. Among U.S. shipments, rice accounts for about half. Wheat and meat, especially frozen chicken, are other large items. The remainder comprises a wide variety of products, including anhydrous milk fat, soybeans, soybean oil, nonfat dry milk, citrus, tobacco, cotton, and wheat flour. —M.A.N.

Farm Exports Continue To Lighten Payments Deficit

Farm exports last year continued their strong support of the U.S. balance-of-payments position, which, without agriculture's net contribution, would have shown a deficit $988 million higher than the $3.6 billion registered for the year. Although this contribution was down some from levels of the previous 2 years, the average for the 3 years works out to over $1 billion.

Last year's decline of $165 million from the 1966 net contribution of $1,153 million resulted from a drop of $481 million in U.S. farm exports on a balance-of-payments basis to $6.4 billion. (In computing trade on a balance-of-payments basis, raw import and export data are adjusted by the Balance-of-Payments Division, Office of Business Economics, Department of Commerce, for a variety of conceptual, definitional, and statistical reasons. Currently, the one adjustment on agricultural trade is for wheat shipped to Canada for storage only.) Farm exports were down in each quarter of 1967 as compared with the same quarter of 1966. In the first quarter of this year, however, they rose some 3 percent from the January-March 1967 level. This is a hopeful sign that the decline is over and that exports are on the uptrend although one quarter's data cannot be considered sufficient evidence.

Agricultural imports were also down in 1967, but this $36 million drop was much smaller than the decline in exports. As a result, the surplus in farm trade declined from $2,378 million in 1966 to $1,933 million last year. Imports increased in the first and fourth quarters and dropped in the other two as compared with the corresponding quarters of 1966. In January-March of this year, imports rose less than exports did, so that the trade balance improved.

U.S. AGRICULTURAL TRADE, BALANCE-OF-PAYMENTS BASIS

Year and quarter	Exports (f.o.b.)			Imports (f.o.b.)	Trade balance	
	Total	Commercial	Noncommercial		Total	Commercial
	Mil. U.S. dol.	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil U.S. dol.*	*Mil. U.S. dol.*
1965	6,229	4,881	1,348	4,087	2,142	794
1966:						
Jan.-Mar.	1,652	1,296	356	1,155	497	141
Apr.-June	1,649	1,232	417	1,128	521	104
July-Sept.	1,627	1,349	278	1,110	517	239
Oct.-Dec.	1,941	1,598	343	1,098	843	500
Total ..	6,869	5,475	1,394	4,491	2,378	984
1967:						
Jan.-Mar.	1,605	1,286	319	1,180	425	106
Apr.-June	1,594	1,195	399	1,066	528	129
July-Sept.	1,439	1,188	251	1,064	375	124
Oct.-Dec.	1,750	1,446	304	1,145	605	301
Total ..	6,388	5,115	1,273	4,455	1,933	660

Commercial agricultural exports (total farm exports minus those financed by the U.S. Government with international grants and credits) in 1967 followed much the same quarterly pattern as did total farm exports, ending the year at $5,115 million—$360 million less than in 1966. The commercial agricultural trade balance for the year, at $660 million, was barely more than enough to offset the $641-million deficit in commercial nonagricultural trade and provide a $19-million overall commercial trade surplus. The bulk of agriculture's trade surplus was earned in the fourth quarter although no quarterly deficits have occurred in 2 years.

To get a measure of agriculture's contribution to the balance of payments, it is necessary to add to commercial exports and the commercial trade balance the dollar returns or savings resulting from noncommercial exports. These returns occur when government credits used to finance exports are repaid and when inconvertible foreign currencies acquired from the sale of farm products are used instead of dollars by U.S. agencies abroad. These returns amounted to $169 million in 1966 and $328 million in 1967. For 1967 the total breaks down to $222 million of local currencies used by U.S. agencies, $59 million in repayments on dollar credit sales, and $47 million in repayments on Export-Import Bank credits. Repayments on dollar credit sales have been rising each year as more sales take place under this program. Last year's repayments on Export-Import Bank credits were the first in 3 years, the result of an increase in the Bank's financing of agricultural exports because of tight money conditions.

These increased returns on noncommercial sales helped to offset the fall in commercial exports, moderating the decline in agriculture's gross contribution to the balance of payments. The same is true for its net contribution, the gross return minus agricultural imports. Thus, while the decline in the commercial trade balance from 1966 to 1967 amounted to $324 million, the decline in agriculture's net contribution was only the aforementioned $165 million.

—GEORGE KRUER
Foreign Development and Trade Division, ERS

Soybean Promotion Expands In Germany, Taiwan, Korea

This year for the first time, American soybean farmers themselves are joining the soybean processors in investing in a marketing program for soybeans overseas. Working through the American Soybean Association, the Soybean Council of America, and FAS, the important soybean States of Iowa, Louisiana, Mississippi, Missouri, and Ohio are contributing funds for new market development programs in West Germany and possibly Taiwan and Korea.

In West Germany—currently No. 2 buyer of U.S. soybeans, next to Japan—emphasis for the first time will be on "identified" soybean oil. The Soybean Council of America, with joint financing from ASA (the soybean farmers), FAS, and the EDEKA food chain (Germany's largest), will administer a pilot promotion program in which soybean oil, identified as such, will be sold through EDEKA's thousands of retail outlets. Soybean oil is ordinarily sold throughout the world only in blends and in hydrogenated products.

Western Europe's fats and oil consumption is already high—higher than in the United States—so soyoil promotion in West Germany aims for a larger share of the present edible liquid oil market. Competition is toe-to-toe against other identified vegetable oils such as peanut, sunflowerseed, and corn.

In Taiwan, ASA's Country Director Scott Sawyers will visit next month from the Tokyo office to develop preliminary recommendations for a market promotion program, in answer to a formal request from the Taiwanese Vegetable Oil Manufacturers Association. The booming Taiwanese pig and poultry industries are already an expanding market for soybean meal; in 1966-67, U.S. soybean sales to Taiwan—all for dollars—passed the 10-million-bushel mark, and they are expected to stay at that level this year. In addition, there is room for increases in Taiwan's per capita consumption of vegetable oil.

In Korea, ASA's Sawyers met with industry leaders during June to discuss the possibility of taking part in a trade fair in Seoul this fall.

Trial Shipments of Australian Rice and Malt

New departures for the transportation of Australian grain products this year have been the first containerized shipment of rice to Britain and the first bulk shipment of malt to Japan. Both were reported to result in lower costs.

The rice shipment—approximately 18 tons of polished rice in 56-pound bags—was loaded into a container at Echuca, Victoria, and moved by rail to a conventional cargo ship at Melbourne. Temperature and humidity probes were connected to a central measuring device on the ship. The question was whether the rice would travel in an unventilated container without deteriorating. The answer was a definite yes. It arrived in perfect condition.

This shipment was handled by Overseas Containers (Australia) Pty., Ltd., for the Ricegrowers Co-operative Rice Mills, Ltd., which mills Australia's $22-million rice harvest and markets it at home and overseas.

The success of the operation, it is said, may open the way for a door-to-door transport system for Australian rice exports. Particularly interesting to Australia's competitors is the system's potential for cutting the high cost of dock labor at both the sending and receiving ends of the supply chain, and thus making it practical to multiply the number of small loads shipped.

The malt shipment—1,300 metric tons—was loaded by bulk loader aboard the *Belgium Maru*, in two holds especially lined with plastic but not airtight. Purpose was to see whether malt could stand the 22-day voyage under bulk conditions. Initial reaction by the Japanese buyer was favorable, but final results await tests under normal brewery conditions.

Australia, with its geographic advantage over most other suppliers, has been supplying from a third to half of the malt used in Japan's growing beer industry. This shipping method represents a cost saving of 10 percent; freight charges and loading costs are lower, and bag and bagging charges cut out. If the trial shipment succeeds, Australia may introduce carriers especially constructed for bulk shipments of malt.

—From a dispatch by FRED M. LEGE, III
U.S. Agricultural Attaché, Canberra

German Team Meets U.S. Dairymen

Businessmen talking about computerization are a common sight these days. Below are three representatives of the West German dairy industry, visiting the Brattleboro, Vt., office of the Holstein-Friesian Association of America to discuss computer use in the processing of dairy production records and registry data.

The three Germans, on a swing around major U.S. dairy States during June, took a look at dairy herds, universities, and artificial insemination programs in Connecticut, New York, Ohio, Illinois, and Wisconsin. Germany is now testing U.S. Holsteins for beefing quality compared with that of dual-purpose German cattle.

J. T. Godfrey (left) and A.C. Fisher (second from right) outlined HFAA's computer operations for the Germans—Florenz Ebbeskatte, Friesian breeder, and Eibe Schmidt and Dr. Otto Vogt-Rohlf, computer specialists.

West Germany's Mixed Feed Industry Keeps Growing

During the past 15 years West Germany's production of mixed feeds for cattle, calves, hogs, and poultry has made spectacular gains. In 1951-52 about 850,000 metric tons of mixed feed were marketed; in 1966-67 output was about 7.6 million tons. Rations for poultry have had the greatest production growth (390,600 tons in 1951-52 compared with 3.2 million tons in 1966-67).

One reason for the rapid upswing in mixed feed production has been the increase in West Germany's livestock and poultry numbers. In 1952 inventories were approximately 11.6 million cattle, 13 million hogs, and 54.8 million poultry of all types. By 1967 numbers had swelled to nearly 14 million cattle, about 19 million hogs, and well over 91 million poultry.

But another basic reason for increased use of mixed feed is that hog and poultry raisers, especially, have become aware of the greater efficiency of animal growth and egg production if farm-produced feeds are supplemented with high-energy, high-protein mixed feeds. Efficient animal husbandry is important in the scheme of German agriculture—the value of livestock and poultry production in 1967 was 78 percent of total agricultural production.

In actual tonnage, the proportion of mixed feed used is small compared with farm-grown feeds (grass and hay, grains, root and row crops, and milk). The West German livestock and poultry industries, like the French industries but unlike animal industries in the Netherland, Belgium, and Luxembourg, are based chiefly on feeding of on-the-farm crops.

Mixed feeds, which supply concentrated energy and protein, contain a large percentage of imported material. Two important ingredients are soybean oilcake and meal and corn. The United States is the major supplier to Germany of both corn and soybeans. In 1967 Germany bought almost 2.5 million metric tons of soybeans, of which the United States supplied 95 percent. Germany also purchased 755,200 tons of soybean meal, more than 78 percent of which came from the United States. In 1966-67, U.S. corn exports to West Germany totaled about 1 million metric tons.

Soybeans are particularly important as a source of protein in animal diets. German oilseed crushers buy U.S. soybeans, crush them to extract the oil, and sell the residual oilcake or meal to the mixed feed industry. Germany raises only a small oilseed crop itself. Corn, a high-energy feed, is also raised only in relatively small quantities in Germany. As mixed feeds have become more important in Germany, imports of necessary ingredients have risen.

Both the change in the quantities of mixed feed consumed by animals and the change in the quantities of meat, milk, and eggs produced have been impressive over the years. In 1950 in West Germany about 97 pounds of mixed feed were consumed per milk cow, about 11 pounds per slaughter hog, and about 11 pounds per laying hen. In 1967 mixed feed consumption had risen to about 644 pounds per cow, 194 pounds per hog, and about 81.5 pounds per hen per year. Over the same period milk production rose from about 5,454 pounds to 8,172.5 pounds per cow per year, butterfat production increased from 186.1 pounds to 304 pounds per cow per year, meat production improved from 224.9 pounds to 275.6 pounds per hog per year, and egg output jumped from 106 per hen per year to 206.

The mixed feed industry in West Germany is a heterogeneous one and includes both large industrial enterprises and small local operations. It includes both private producers and cooperatives. In 1967 about 200 private industrial concerns produced about 4.25 million metric tons of mixed feed, or 53 percent of the output for the year. About 20 cooperatives and their branches produced about 1.3 million tons, or 17 percent of the total for 1967. About 1,650 medium and small enterprises, such as rural cooperatives and mills, produced about 1.9 million tons of mixed feed in 1967, or 25 percent of the total. Other nonorganized producers and manufacturers of mineral feed mixtures or minerals for mixed feeds had an output that was about 5 percent of the 1967 total.

—Based on dispatch from
PAUL G. MINNEMAN
U.S. Agricultural Attaché, Bonn

Canada's Egg Prices Down, Production Up

Egg prices in Canada have fallen in recent months because production has been above last year's level by about 8 percent. For several years Canada's Agricultural Stabilization Board has been authorized to support the price of eggs at Can $0.34 per dozen, basis Grade A Large. For the first time since marketing year 1964-65, the Board may have to make support payments. While exact support prices vary with size, marketings of Extra Large, Large, and Medium Grade A eggs all qualify for support payments.

Egg price support applies up to a maximum of 10,000 dozen eggs per eligible producer. To be eligible for a deficiency payment, a producer must have marketed at least 1,000 dozen eggs during the 1967-68 marketing year. Producers must also be registered with the Agricultural Stabilization Board and either have sold eggs through a registered egg-grading station or be registered themselves with the Board as a producer-grader selling directly to a retail outlet.

In addition to price support measures, the Agricultural Products Board will continue to purchase Grade A eggs to help firm prices if the need arises. Purchased eggs are converted to egg powder for Canada's commitment to the World Food Program administered by the Food and Agriculture Organization.

Egg marketings are expected to decline in quantity during the second half of calendar year 1968, and prices may strengthen when fewer eggs are for sale. Cutbacks in numbers in laying flocks have occurred in Quebec and western Canada; but in most of eastern Canada numbers in flocks have been increased.

—Based on dispatches from
RICHARD H. ROBERTS
U.S. Agricultural Attaché, Ottawa

Ceylon Gets IDA Loan

Ceylon's effort to increase production of food crops is being aided by a loan worth $2 million from the International Development Association. The $2 million will be used chiefly for irrigating valley slopes in the dry zone by low-lift pumping. The main crops on the newly irrigated land will be chillies and onions, which are important items in the Ceylonese diet. At present, chillies and onions worth over $11 million are imported by Ceylon each year.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between June 18 and June 25, 1968, there was little change in offer prices of wheat in Rotterdam. Prices for U.S. Soft Red Winter and Argentine wheat increased 1 cent, while those for U.S. Spring decreased 2 cents. Prices for Canadian Manitoba and Russian remained unchanged.

U.S. and Argentine corn dropped 1 cent. The price for South African corn remained the same.

A listing of the prices follows.

Item	June 25	June 18	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.04	2.04	2.20
USSR 121	1.88	1.88	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	1.97	1.99	2.17
U.S. No. 2 Hard Winter, 12 percent	(1)	(1)	1.97
Argentine	1.91	1.90	(1)
U.S. No. 2 Soft Red Winter	1.74	1.73	1.80
Corn:			
U.S. No. 3 Yellow	1.31	1.32	1.57
Argentine Plate	1.50	1.51	1.60
South African White	1.49	1.49	1.64

[1] Not quoted.

Note: All quotes c.i.f. Rotterdam and for 30- to 60-day delivery.

Smaller Yugoslavian Sunflowerseed Crop

Sunflowerseed production in Yugoslavia in 1968 is now forecast at 200,000 metric tons, 20 percent less than the 250,000-ton level of 1967. The decrease would result mainly from reduced acreage, especially on private farms. Even though the guaranteed purchase price of sunflowerseed was increased from US$96 to $104 per ton, farmers apparently find production of other crops more profitable this season.

India Reduces Soybean Oil Price

The price of U.S. soybean oil imported under the current Public Law 480 program with India was reduced from $339 per metric ton to $311 per ton (14.2 cents per lb.) by the State Trading Corporation of India (STC) on May 30. This is the second reduction since mid-April when soybean oil sold for $359 per ton (16.3 cents per lb.). Reportedly, 40,000 tons of soybean oil are still held in stock by the STC and 25,000 tons, recently purchased, are due to arrive in August, for which storage space must be provided.

The price reduction measure may have only limited success in reducing soybean oil inventories since peanut oil prices were also lowered from $372 per ton in April to $346 in May. Vanaspati factories, which prefer peanut oil to soybean oil in manufacturing vegetable ghee (vanaspati), are located near major peanut producing areas, thus reducing transportation costs. Soybean oil, on the other hand, must be shipped from port to plant.

Italy's Tobacco Products Output, Sales Gain

Italian tobacco factories manufactured 152.2 million pounds of tobacco products in 1967, a rise of 1 percent from the 150.4 million produced in 1966. Larger output of cigarettes more than offset a drop in production of cigars, cigarillos, and pipe tobacco.

Cigarette output in 1967 totaled 143.3 million pounds, up from 139.2 million in 1966. Cigars and cigarillos dropped to 2.5 million pounds from 3.1 million. Production of pipe tobacco in 1967 totaled 7.5 million pounds, down a little from the 1966 level.

Italian sales of tobacco products last year were 158.1 million pounds, a new record, nearly 3 percent greater than sales in 1966. Cigarettes made up 92.6 percent of the total. Domestic-made brands, including those manufactured under licensing arrangements, accounted for 94.2 percent of cigarette sales last year. Licensed brands represented 7.3 percent of total sales, and imported brands 5.8 percent. West Germany supplied 68 percent of the imported cigarettes.

Denmark's Tobacco Imports Climb

Denmark's duty-paid imports of unmanufactured tobacco in 1967 totaled 38.3 million pounds, compared with 32.5 million in 1966, a gain of 18 percent.

Imports of U.S. tobacco (including stems) were about 19 million pounds, or half the total. Other principal suppliers to the Danish market last year included Brazil 9.7 million pounds, Indonesia 3.1 million, Mozambique 1.9 million, and Canada 0.9 million.

DENMARK'S TOBACCO IMPORTS [1]

Source	1966	1967
	1,000 pounds	*1,000 pounds*
United States	17,074	18,997
Brazil	4,880	9,652
Indonesia	3,906	3,062
Mozambique	....	1,946
Canada	856	941
Malawi	629	711
Greece	227	571
Turkey	465	548
Rhodesia	2,757	....
Rep. of South Africa	....	421
Cuba	302	338
Cameroon	256	255
Others	1,122	866
Total	32,474	38,308

[1] Includes stems and waste.

Austria Has Record Cigarette Output

The upward trend in Austria's cigarette production continued last year. Output totaled a record 11,024 million pieces, up 1.5 percent from 1966. Output of cigars and cigarillos also rose last year, but declines were recorded for smoking tobacco and chewing tobacco.

The Monopoly's best selling cigarette in 1967 was Smart Export, a filter-tipped brand in the medium price category. Sales of this brand accounted for 31 percent of total cigarette consumption. Smart Export contains about 50 percent U.S. tobacco. Other top-ranking brands were Austria 3 and Falk.

The trend toward filter-tipped brands continued last year. These brands accounted for about 63 percent of sales, compared with about 58 percent in 1966

Jordan's 1968 Flue-Cured Crop

The 1968 flue-cured tobacco crop in Jordan is expected to approximate that of 1967 when 3 million pounds were harvested from 7,600 acres. During the 1959-66 period, average annual production was 2.5 million pounds from 7,500 acres.

Greek Cigarette Consumption Rises

Greek cigarette consumption continued to increase last year. Output for domestic consumption in 1967 totaled 34.2 million pounds, up 4.4 percent from the 1966 level of 32.8 million.

Filter-tips accounted for 36.8 percent of total 1967 consumption, compared with 27.6 percent in 1966, and 20.6 percent in 1965. Filter-tipped cigarettes are produced only in the Semi-Luxury, Luxury, and Super-Luxury brands.

Netherlands' Tobacco Consumption Rises

Gross imports of unmanufactured tobacco into the Netherlands (including leaf, stems, and scrap) last year totaled 103.2 million pounds, compared with 98.4 million in 1966. The United States supplied 35.3 million, or 34.2 percent of the total in 1967, compared with 30.3 million, 30.8 percent of total 1966 imports.

Other principal sources of Dutch imports in 1967 included West Germany (largely Indonesian-grown leaf) 15.5 million, and Brazil 9.5 million.

A proportionate increase was marked by cigarette output and sales in the Netherlands. Cigarette output totaled an estimated 16,000 million pieces, compared with 15,805 million in 1966; sales were 16,647 million pieces, compared with 14,201 million in the previous year. Output and sales, however, while larger than in 1966, were below those of the preceding year.

NETHERLANDS' TOBACCO IMPORTS [1]

Origin	1966	1967
	1,000 pounds	*1,000 pounds*
United States	30,278	35,289
Germany, West [2]	13,662	15,538
Brazil	8,768	9,515
Republic of South Africa	4,557	7,465
Rhodesia	12,829	5,613
Malawi	3,735	4,744
Belgium [2]	5,598	4,456
Mozambique	787	2,427
India	1,757	2,072
Philippines	1,676	1,728
Italy	906	1,515
Turkey	1,933	1,457
Cuba	1,100	1,135
Dominican Republic	1,678	1,076
Greece	937	1,038
Others	8,174	8,135
Total	98,375	103,203

[1] Includes leaf, stems, and scrap. [2] Mainly re-exports.
Tobacco Intelligence, London.

Norway's Tobacco Consumption Rising

Norway's smokers purchased 1,624 million factory-made cigarettes in 1967, up 7.8 percent from the 1,506 million for 1966. Sales of smoking tobacco (for pipes and hand-rolled cigarettes) totaled 8.8 million pounds—up a little from the previous year.

A large percentage of Norway's cigarettes is imported from other members of the European Free Trade Association (EFTA), principally Denmark and the United Kingdom. Since January 1, 1967, there has been no tariff levied on cigarettes from EFTA members.

Honey Production in Guatemala

Guatemala's 1967 honey crop approximately equaled that of 1966—5.6 million pounds. Exports of honey were an estimated 5.2 million pounds in 1967, compared with 5.3 million in 1966. The average f.o.b. price in 1967 was 11.5 U.S. cents per pound, 5 cents less than the previous year.

Domestic consumption of honey is small but increasing. The major markets for Guatemala's honey are West Germany and the other Western European countries. Production is expected to be larger in 1968, as more colonies are being established in the northern jungle area of the country.

Honey Output Higher in British Honduras

Honey production in British Honduras continued its upward trend in 1967. The crop reached 425,078 pounds in 1967, a 27-percent increase over 1966, although colony numbers decreased 10 percent during the same period. Exports of honey during 1967 totaled 345,000 pounds, up from 256,500 in 1966. All of the 1967 honey exports reportedly went to the United Kingdom.

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Japanese Coarse Grain Market Shows Major Shifts

Nine-month figures show that while Japan's imports of coarse grains continued to increase in the 1968 fiscal year, the market shares of many suppliers shifted substantially.

During July-April, coarse grain imports rose more than 8 percent to 6.3 million tons from 5.8 million in the same period of fiscal 1967. The largest volume increase was in takings of corn, which make up the bulk of Japanese coarse grain imports and were up over 500,000 tons. Percentagewise, imports of both corn and barley increased about 15 percent, while those of milo were down slightly.

The United States held onto its position as biggest supplier. However, the volume of purchases from the United States was down, corn by about 250,000 tons and milo and barley by more than 100,000 tons apiece. At the same time, purchases of corn and milo from South Africa skyrocketed from a total of less than 3,000 tons to over 1 million, making this country the No. 2 supplier. Some other African countries also gained larger shares of the market—Kenya and Zambia with over 14,000 tons of corn each and Mozambique with almost 220,000.

Looking at the milo market, purchases from Argentina fell almost 100,000 tons, while those from South Africa were up nearly 140,000.

A big shift in rank among barley suppliers was evident. At 311,768 tons—up more than 200,000—takings from Canada were largest, with the United States second and Australia third. In July-April of fiscal 1967, U.S. barley ranked first, at 207,000 tons, with Australia second and Canada third.

As of February of this year, French barley has become a significant factor on the market. Since then, Japan has purchased over 180,000 tons for May-August Delivery. The c.&f. Japan prices ranged from $58.25 to $64.24 per ton, assisted by EEC export subsidies ranging from $40.00 to $44.00 per ton.

—ROBERT BRATLAND
Grain and Feed Division, FAS

JAPANESE COARSE GRAIN IMPORTS

Country of origin	July-April 1966-67	July-April 1967-68
Corn:	*Metric tons*	*Metric tons*
Rep. of Korea	130	2,099
North Korea	2,427	9,175
Mainland China	83,617	10,792
Thailand	656,356	444,111
Indonesia	91,803	49,472
Cambodia	27,875	17,000
Romania	25,121	1,846
United States	1,855,764	1,593,801
Mexico	251,074	219,502
Brazil	37,392	54,171
Argentina	27,336	48,922
Uganda	19,326	....
Kenya	1,292	14,159
Mozambique	83,697	219,768
South Africa	226	943,466
Zambia	....	14,455
Other	4,081	3,306
Total	3,167,517	3,646,045
Barley:		
United States	207,416	98,522
Canada	97,311	311,768
Australia	126,608	79,794
France	15	....
Total	431,350	490,084
Milo:		
United States	1,853,932	1,747,083
Thailand	32,609	15,386
Mexico	30,379	90,078
Argentina	171,056	73,207
South Africa	2,601	141,692
Mainland China	4,965	1,307
Australia	14,632	19,229
Other	3,930	123
Total	2,114,104	2,088,105
Other coarse grains	99,697	84,224
Grand total	5,812,668	6,308,458

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